

May 09, 2016

Facility	Amount (Rs. Crore)	Rating
Cash Credit	6.00	SMERA BB/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA BB**' (read as **SMERA double B**) to the Rs.6.00 crore bank facility of Ramchandra Dahyabhai Narrow Fab Private Limited (RDNF). The outlook is '**Stable**'. The rating draws comfort from the promoter's extensive industry experience and healthy relations with customers and suppliers. The rating is also supported by the comfortable debt protection metrics. However, the rating is constrained by the working capital intensive business, highly competitive and fragmented textile industry and susceptibility of operating margins to volatility in raw material prices.

Rating Sensitivity Factors

- Substantial and sustainable growth in the topline or operating margins
- Efficient working capital management
- Price trend of key raw materials
- Future capex and its funding mix thereof

Outlook: Stable

SMERA believes that the company will continue to benefit over the medium term from its promoters extensive industry experience. The outlook may be revised to 'Positive' in case of substantial and sustainable growth in revenues or operating margins. Conversely, the outlook may be revised to 'Negative' if the working capital cycle gets stretched or if the company undertakes significant debt funded capex leading to deterioration in its financial risk profile.

About the Company

Established in 1976 as a proprietorship firm, RDNF was converted to private limited in 1997. The company is engaged in the manufacture of narrow fabrics such as elastics and tapes at Surat. The company has offices at Mumbai, Delhi and Ludhiana.

For FY 2014-15, RDNF reported profit after tax (PAT) of Rs.0.45 crore on operating income of Rs.47.61 crore as against PAT of Rs.0.38 crore on operating income of Rs.47.34 crore.

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SMERA RATINGS LIMITED

Ramchandra Dahyabhai Narrow Fab Private Limited (RDNF)

*Rating
Rationale*

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Vinay Chhawchharia Associate Vice President – Operations Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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